



**INTERNSHIP REPORT**  
**ON**  
**General Banking Activities**  
**of**  
**Al-Arafah Islami Bank Limited.**



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# Letter of Transmittal

September 4, 2018

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**Subject: Submission of Internship Report on “General Banking Activities of Al Arafah Islami Bank Ltd.”**

Dear Sir,

I hope you will be pleased to know that I have completed my Internship in Al-Arafah Islami Bank (Azampur Branch) on General Banking Department under your supervision. It gives me immense pleasure to complete my Internship successfully and submit this report on the analysis that I have conducted during my internship period. At every segment of making this report, I tried to enhance my knowledge about the system of Al-Arafah Islami Bank Ltd. This report will try to give the picture of my efforts and ability.

It would be very kind of you for examine my report work and give me further suggestions and enhanced my clarification due to future prospects.

Your support in this regard will be highly appreciated.

Sincerely Yours,

.....

Maisha Farzana Proma

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## **Acknowledgement**

Completion of this report has made me grateful to a number of persons. First of all I would like to acknowledge my supervisor and teacher Md. Mamoon Al Bashir not only for giving the opportunity to prepare the report but also for providing me a lot of support to improve the report. He was always available when I needed his help, suggestions and guidelines. I am very lucky for getting this opportunity to complete my internship report under his guidance and supervision.

A special thanks goes to my Internship Organization Supervisor in Al-Arafah Islami Bank Ltd, Mr. Imam Hasan, Executive Officer of AIBL Azampur branch for providing me support and courage throughout my Internship program and helping me to accumulate necessary information. I also like to extend my gratitude to Mr. Nahid Hossain, Mr. Gifari from General banking Department for helping me by giving the valuable information and on behalf of their company and give me time to understand banking concept. Lastly, my heartiest thanks go to others who were involved and helped directly and indirectly in completion of internship and preparing this report. Without them all these would not have possible.

# Executive Summary

Commercial banks are one of the key contributors in the economy of developing countries. They act as financial intermediaries by performing the function of mobilizing the funds from one party and lending the same to another while making reasonable amount of profit.

Al-Arafah Islami Bank Limited is booked business bank enlisted by the Bangladesh Bank. The elements of the bank cover an extensive variety of keeping money and utilitarian exercises to people, firms, corporate bodies and other multinational offices.

Therefore in every aspect of our life we should follow the doctrine of Al-Quran and lifestyle of Hazrat Muhammad (Sm.) for our supreme success. Al-Arafah Islami Bank started its journey in 1995 with the said principles in mind and to introduce a modern banking system based on Al-Quran and Sunnah. A gathering of set up, committed and devout identities of Bangladesh is the draftsmen and chiefs of the Bank. Among them a prominent Islamic researcher, business analyst, author and ex-administrator of Bangladesh government Mr. A.Z.M Shamsul Alam is the founder chairman of the bank. His progressive leadership and continuous inspiration provided a boost for the bank in getting a foothold in the financial market of Bangladesh. A group of 20 dedicated and noted Islamic personalities of Bangladesh are the member of executive council of the bank. The banking business includes deposits taking, extending credit to corporate organization, retail and small & medium enterprise, trade financing, project financing, lease and hire purchase financing, issuance of local and international credit cards, inward foreign remittances etc.

Marketing is definitely not an ongoing wonder as it has been in presence since the main human went into trade relationship for enhancing his general prosperity and way of life. So the keeping money organizations are additionally rehearsing different showcasing. This report is a result of my three month internship program where I have learnt many things that enriched my practical knowledge. This report contains a brief summary about AIBL is information, its product and services, its activities.

# Acronyms

AIBL : Al- Arafah Islami Bank Limited

MD : Managing Director

DMD : Deputy Managing Director

EVP : Executive Vice President

SVP : Senior Vice President

VP : Vice President

AVP : Assistant Vice President

FAVP : First Assistant Vice President

BB : Bangladesh Bank

BCD : Bearer Certificate of Deposit

OB : On line Banking

BBLC : Back to Back Letter of Credit

BL : Bill of Lading

AWCD : Al Wadiah Current Deposit A/C

MTDR : Mudaraba Term Deposit

ITD : Installment Term Deposit

SND : Short Notice Deposit

MSD : Mudaraba Savings Deposit

STD : Short Term Deposit

PTD : Profit Term Deposit

LC : Letter of Credit

PO : Pay Order



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# Chapter 1

## Introduction

AIBL enjoys the prestigious position in Cash Management, and Trade activities, and is primarily corporate driven. With the objective of achieving success here & hereafter by pursuing the way directed by Allah and the path shown by His Rasul (SM), Al Arafah Islami Bank Ltd was established (registered) as a private limited company on 18 June 1995. Renowned Islamic Scholars and pious businessmen of the country are the sponsors of the Bank. 100% of paid up capital is being owned by indigenous shareholders. The goal of AIBL is to be the “To be a pioneer in Islami Banking in Bangladesh and participate significantly to the development of the national economy. It has made a good contribution towards the socio economic development of the country. In this tough edge time of business, saving money exercises have spread out in numerous zones like trader keeping money, share exchanging, giving lease et cetera. In such a profoundly aggressive administration industry, the significance of consumer loyalty can't be de-accentuated.

The bank conducts its business on the principles of Mudaraba, Bai-muazzal, and hire purchase transactions approved by Bangladesh Bank. Naturally, its modes and operations are substantially different from those of other conventional commercial bank. There is a Shariah council in the banks who maintains constant vigilance to ensure that the activities of the bank are being conducted on the precepts of Islam. The Shariah council consists of prominent Ulema, reputed bankers, renowned lawyers and eminent economist.

Al-Arafah Islami Bank is a standout amongst the most eminent private business bank. Amidst an obliged ability to focus time the Bank has could build up a superior than normal picture in the Banking an area and has changed into a house hold name in the nation because of a few clients – kind store and credits plot. I am doing my entrance level position in Al-Arafah Islami Bank of Uttara Azampur Branch with turn on different work regions which consolidates Accounts opening, General Banking, Retail Banking, Clearing, Remittance, Loans and Advances and so forth. Since they are remaining at great position among the private banks, their money related position, pieces of the pie, advertising components, by and large qualities and shortcoming, destinations, objectives will be interrogated for investigating the way that how they were and how they will be in future.

## **1.1 Objectives of the Study**

The primary target of the examination is to build up a comprehension about the down to earth managing an account exercises and to relate them with the hypothetical learning obtained from the banks. Other than these the particular destinations are the followings:

1. To Know the general managing an account exercises of AIBL
2. To distinguish the quality, shortcoming of general managing an account of AIBL.
3. To make proposals for approach suggestion.

## **1.2 Methodology of the Study**

### **1.2.1 Data Collection**

The collection method of primary and secondary data differ since primary data are to be originally collected, while in case of secondary data the nature of data collection work is merely that of compilation. There are several methods of collecting primary data, they are as follows:

1. Face to face conversation with the respective officer of the branch.
2. Exposure on different desk of the bank.
3. Relevant file study as provided by the officers concerned.
4. Informal conversation with clients.

Secondary data may either be published data or unpublished data. Usually published data available in the followings:

1. Technical and exchange diaries
2. Report and productions of different affiliations associated with business and industry, banks, stock trade



## **1.2.2 Scope of the Study**

In my report I have highlighted the various steps of general banking of the AIBL. I have also discussed about the background of the sector, market structure, risk management factor etc. with the bank personnel. Before that, a brief overview of the AIBL has been given to understand its operations and activities. So the scope of the report covers the comprehensive knowledge on the organization of AIBL. I have tried to analyze and evaluate of general banking performance based on adequate information contained in documents and interviews of banking officers.

## **1.2.3 Limitations**

On the way of my study, I have faced the problems that are given below which could be termed as the limitation / shortcoming of the study-

- ♣ Short Time Period
- ♣ Data Insufficiency
- ♣ Lack of Records
- ♣ Incomplete and obscure data
- ♣ Unwillingness of key person



# Chapter 2

## 2.1 Historical Background of Al-Arafah Islami Bank Limited (AIBL)

Islamic ideology encourages us to succeed in life here & hereafter. To achieve this success we must follow the way dictated by the Holy Quran and the path shown by Rasul (SM). With this goal in view Al-Arafah Islami Bank Ltd was established (registered) as a public limited company.

Date of Registration: 18 June, 1995

1st Branch: Motijheel Branch, Dhaka

Opening Ceremony: 27 September, 1995

Authorized Capital: 15,000.00 Million

Paid-up Capital: 9, 943.06 Million

Local Partnership of Capital 100%

Equity 22,520.68 Million

Number of Branches 154

Deposit 244,806.26 Million

Investment 235,905.23 Million

Number of Employees 3,446

Number of Shareholders 30,386

The bank leads its business on the standards of Mudaraba, Bai-muazzal, and enlists buy exchanges affirmed by Bangladesh Bank. Normally, its modes and activities are significantly not the same as those of other regular business bank. There is a Shariah gathering in the banks who keeps up steady watchfulness to guarantee that the exercises of the bank are being directed on the statutes of Islam. The Shariah council consists of prominent Ulema, reputed bankers, renowned lawyers and eminent economist.



## **2.2 Company Profile**

### **2.2.1 Vision, Mission, Commitments**

#### **Vision**

- To be a pioneer in Islami Banking in Bangladesh and contribute significantly to the growth of the national economy.

#### **Mission**

- Achieving the satisfaction of Almighty Allah both here & hereafter.
- Proliferation of Shariah Based Banking Practices.
- Quality financial services adopting the latest technology.
- Fast and efficient customer service.
- Maintaining high standard of business ethics.
- Balanced growth.
- Steady & competitive return on shareholders' equity.
- Innovative banking at a competitive price.
- Attract and retain quality human resources.
- Extending competitive compensation packages to the employees.
- Firm commitment to the growth of national economy.
- Involving more in Micro and SME financing.

#### **Value**

AIBL values are based upon the fundamental principles that define our culture and are brought life in our attitude and behavior. It is their values that make us unique and seen from five basic principle:

- Excellence: The market in which AIBL operate is becoming increasingly competitive and their customers now have abundance of choice.
- Integrity: AIBL success depends upon trust. Their customers are society in general expect us to process and steadfastly to high moral principle and profession standard.
- Customer focus: AIBL need to understand fully the needs of their customers and to adapt our product and service to meet these.
- Meritocracy: AIBL believes in giving opportunities and advantage to its employees on the basis of their ability.



- Progressiveness: AIBL puts stock in the accomplishment of society through the appropriation of illuminated working practice creative new item and process a sprite of big business.
- **Commitments**
  - Focused on present day Islamic Banking making sound and relentless development in both assembling store and making quality Investment to keep our situation as a main Islami Bank in Bangladesh.
  - To deliver financial services with the touch of our heart to retail, small and medium scale enterprises, as well as corporate clients through our branches across the country.
  - The business initiatives are designed to match the changing trade industrial needs of the clients.

### **2.2.2 Corporate Division/Department**

Al-Arafah Islami Bank is one of the most disciplined Banks with a distinctive corporate culture. Here we believe in shared meaning, shared understanding and shared sense making. AIBL's people can see and understand events, activities, objects and situation in a distinctive way. The corporate culture they have a place has not been forced it has rather been accomplished through their corporate direct. The Bank achievement has been conceivable as a result of the capable initiative devoted and conferred administrations given by all levels of administration and staff which all conceivable due to a decent and quality full corporate culture.

### **2.2.3 Corporate Division**

The whole corporate section actually leaded by the board of directors. Alhajj Abdus Samad Labu is the chairman of board of directors and Alhajj Abdus Salam is the vice-chairman of board of directors. Hafez Alhajj Md. Enayet Ullah is the chairman of Executive Committee. Alhajj Salim Rahman is the vice-chairman of Executive Committee. Alhajj Mohammed Emadur Rahman is the chairman of Risk Management Committee. Jb. Md. Amir Uddin PPM is the chairman of Audit committee.



#### **2.2.4 Ex Official Director**

Managing Director: Md. Habibur Rahman .The branches are controlled by managing directors. MD provides a guideline how to work and all branches abounded to follow that guideline.

#### **2.2.5 Risk Management Committee**

The Committee shall assist relevant work of the Board of Directors to validate the type of strategies, policies, procedures and internal control process of risk management of the Bank, and supervise and appraise the risk management department and relevant senior management on risk management.

#### **2.2.6 Audit committee**

The corporate culture they have a place has not been forced it has rather been accomplished through their corporate direct. The Bank achievement has been conceivable in light of the capable administration devoted and conferred administrations given by all levels of administration and staff which all conceivable due to a decent and quality full corporate culture.

#### **2.2.7 Executive Committee**

Executive committee coordinates all bank activities. They ensure that bank activities accord by following their budget and plan.

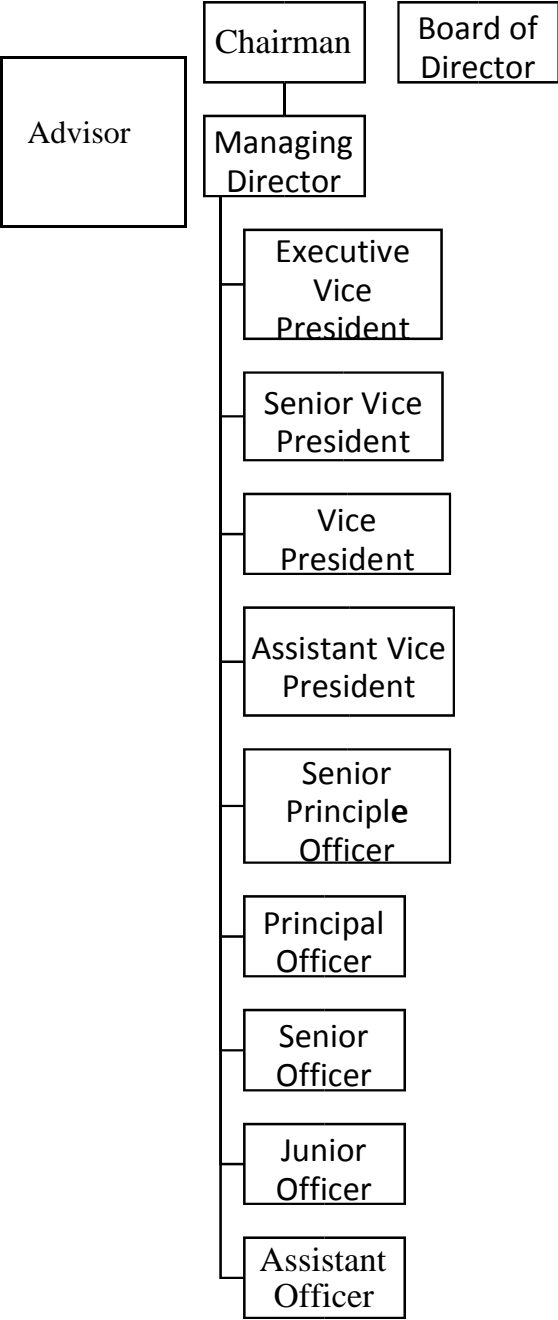
#### **2.2.8 Shariah Supervisory Committee**

The Fatwa & Shariah Supervision Board of committee oversees the application of different aspects of Shariah in the Bank. It also give the surety that all transactions are in strict compliance with the right of contradicting (fatwa) any violating procedures, if found with proper evidence.





### 2.3 Operational Details



## **2.4 Sections and Their Functions**

There are mainly two sections in AIBL, viz, General Banking Division Investment Division and Foreign Exchange Division. These Divisions have small department or units under them. The details of the important sections and subsections are described below.

### **2.4.1 General Banking Division**

There are certain three sections working together to fulfill the target of the company.

(a) Customer Service (b) Cash Department (c) Accounts Department

#### **2.4.1(a) Customer Service**

Different functions of customer service are:

- Accounts opening
- Issuance of Cheque Book
- Issuance of Payment Order
- Issuance of Online Transfer
- Handling transfer transaction
- Operation of clearing house
- Executing customer standing instructions

#### **2.4.1 (b) Cash Department**

Different functions of cash department are:

- Receiving money from the investors.
- Payment of money to the customer as requested.
- Checking all zones of store slip whether it is plainly composed or not.
- Verifying the installment check when to pay the cash to the customer.



- Cash register must be maintained by the Cash Officer.
- Maintenance of daily cash balance.
- Preparation of monthly cash balance.

### **2.4.1 (c) Accounts Department**

Accounting of AIBL can be broadly classified in the following two groups:

- i) General Accounting
- ii) Investment Accounting

#### **i) General Accounting**

General Accounting includes accounting for-general and administrative expense, funding operation and fixed assets.

Activities of accounting subsection includes

- Registration of voucher.
- Posting of voucher in the ledger.
- Preparation of unadjusted trial balance
- Preparation of adjustments (accrual of expenses and income)
- Preparation of adjusted trial balance
- Maintenance of accounts with Bangladesh bank & other banks

#### **ii) Investment Accounting**

The organization keeps up its books of record in light of the working strategy for bookkeeping as per Generally Accepted Accounting Standards in similarity with one the arrangement of significant controls of Bangladesh Bank.

- Collection of receipts i.e. rental, profit
- Control of collection i.e. maintain cheque register.



- Reporting of information regarding rental collection i.e. cash collection statement.
- Acknowledgement to the Account holder i.e. –statement of accounts.
- Preparation of overdue statement i.e-overdue statement for BOD.
- Activities regarding delinquent charge i.e.-billing.
- Treatment of irregular investment Account.

## **2.5 Investment Division**

Functions of investment divisions are:

- Preparing the proposal
- Issuance of sanction letter
- Disbursing the payment
- Prepare & posting voucher

### **2.5.1 Foreign Trade Investment**

- Investment in Agricultural sector
- Investment in Industrial sector
- Investment in Business sector
- Investment in Foreign Trade
- Investment in Construction and Housing
- Hire purchase
- Village and small investment schemes
- Consumer investment scheme

## **2.6 Human Resource Division**

One of the major responsibilities of the human resource division is to enforce the Personnel policy of AIBL. The section evaluates the performance of each employee twice a year and maintains detailed file on each employee.



# Chapter 3

## 3.1 Applied Framework

### 3.1.1 Bank:

A bank is a monetary foundation and a money related mediator that acknowledges stores and channels those stores into loaning exercises, either specifically or through capital markets. A bank associates clients that have capital shortfalls to clients with capital surpluses.

As a result of their fundamental status inside the cash related system and the economy all around, banks are significantly coordinated in numerous countries. Most banks work under a framework known as fragmentary save keeping money where they hold just a little save of the assets kept and loan out the rest for benefit.

### 3.1.2 General banking

General banking department is the main of all banking activities. This is the busiest and critical division of a branch, since stores are prepared, money exchanges are made; clearing, settlement and bookkeeping exercises are done here.

Financial institution/ intermediary that mediates or stands between ultimate borrowers and ultimate lenders is known as banking financial institution. Banks perform this function in two ways- taking deposits from various areas in different forms and lending that accumulated amount of money to the potential investors in other different forms.

General keeping money is the front-side managing an account benefit division. It gives those clients who come often and those clients who come one time in keeping money for getting a charge out of auxiliary administrations. In some broad saving money exercises, there is no connection amongst investor and clients who will take just a single administration shape bank. On the other hand, there are some customers with who bank are doing its business frequently. It is an important department for all banks because it provides day-to-day service to the customers. Front Desk is one of the important for general banking. Customers give their deposits and meet their demand for cash by honoring cheques.

## **3.2 GB Sections:**

There are various sections in this department, which are as follows: -

- Cash Section
- Accounts Opening Section
- Cheque Clearing Section
- Remittance Section

## **3.3 Electronic funds transfer**

The term Electronic funds transfer (EFT) means electronic exchange or transfer of money from one account to another, either within a single financial institution or across multiple institutions, through computer-based systems.

The term covers a number of different concepts:

- Cardholder-initiated transactions, where a cardholder makes use of a payment card
- Direct deposit payroll payments for a business to its employees, possibly via a payroll service bureau
- Direct debit payments, sometimes called electronic checks, for which a business debits the consumer's bank accounts for payment for goods or services
- Electronic bill payment in online banking, which may be delivered by EFT or paper check
- Transactions involving stored value of electronic money, possibly in a private currency
- Wire transfer via an international banking network (carries a higher fee in North America)
- Electronic Benefit Transfer

## **3.4 Automated Clearing House**

Automated Clearing House (ACH) is an electronic network for financial transactions in the United States. ACH forms extensive volumes of credit and charge exchanges in clumps. ACH credit exchanges incorporate direct store finance and seller installments. ACH coordinate charge exchanges incorporate purchaser installments on protection premiums, contract credits, and different sorts of bills. Charge exchanges additionally incorporate new applications, for example, the purpose-of-procurement (POP) check change test case program supported by NACHA-The Electronic Payments Association. The government and the commercial sectors use ACH payments. Businesses increasingly use ACH online to have customers pay, rather than via credit or debit cards.



### 3.5 Cheques

Cheques are those type of bill of exchange which were developed the way to make payments without the necessary to carry large amounts of money. While paper money evolved from promissory notes, another form of negotiable instrument, similar to cheques in that they were originally a written order to pay the given amount to whoever had it in their possession.

Technically, a cheque is a negotiable instrument instructing a financial institution to pay a specific amount of a specific currency from a specified transactional account held in the drawer's name with that institution. Both the drawer and payee may be natural persons or legal entities.

### 3.6 Deposit Product of AIBL

- ❖ Mudaraba Savings Deposits (MSD)
- ❖ Mudaraba Short notice deposits (MSND)
- ❖ Al- Wadiah Current Account (CD)

### 3.7 Fixed deposits

36 Months	24 Months	12 Months	06 months	03 months
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Fixed deposit are a high-enthusiasm yielding Term store offered by banks. The most mainstream type of Term stores are Fixed Deposits, while different types of term Deposits are Recurring Deposit and Flexi Fixed Deposits.



### **3.8 Mudaraba Term Deposit**

- Monthly Hajj Deposit
- Monthly Installment Term Deposit □ Monthly Profit Based Deposit.
- Monthly Savings Investment
- Marriage Saving Investment Schemes.
- Pensioners Deposit Scheme
- Cash WAQF.
- Kotipati Deposit Scheme
- Millionaire Deposit Scheme
- Double Benefit Scheme
- Triple Benefit Scheme

### **3.9 Electronic Products**

- Real Time On-Line any branch banking
- 24-hours ATM
- Debit Card
- Credit Card
- Telephone Banking
- MSMS Banking
- Internet Banking
- SMS Banking
- Agent Banking
- RTGS





# Chapter 4

## 4.1 Job Part

### 4.1.1 Actual Task Part

In the period of my three months internship program, I got a position and some duties in Al Arafah Islami Bank Limited, Azampur Branch. My observation and responsibilities were in General Banking Department like opening & different types of DPS or FDR opening (Deposit Schemes), fill up the Account Opining Form. From **April 25, 2018 to July 26, 2018**, I worked with Mr. Imam Hasan, Executive Officer of Al Arafah Islami Bank Limited, Azampur Branch who manages the front desk. On that time, I mainly worked in Customer Service Department & observed the rules and regulations of Deposit Schemes and the procedure which they followed in the Deposit Section.

## 4.2 Job responsibilities

There were several responsibilities carried out by me in general banking division of Al Arafah Islami Bank Limited (Azampur branch). Every day I used to start my job at 10:00am and it ended at 05:00pm. Within this time different types of job were done by me and those are given below.

## 4.3 Accounts Opening

Account opening is the most important issue in general banking. It is the first phase of customers who are going to get services from the bank. Before opening of any account it is very important to know the target customers of the bank. It is additionally critical to know why the client needs to open record at this branch. To uncover client's motivation of opening record is entirely dubious. In the event that record opening officer is experienced and insightful s/he can without much of a stretch uncover the reason for opening record from client himself. Al Arafah Islami Bank Limited offers different types of account for their target groups.

#### **4.4 Closing Accounts**

However, customer accounts are closed for many reasons. So if I closed accounts with maximum attention to the customer so that next time when they will think about opening a bank account, Al Arafah Islami Bank Limited will come to their mind as a preferred choice.

#### **4.5 Receive Cheque Requisition**

A check demand is gotten from the client for giving another check book containing a particular number of pages specified by client. I got the check demands for the duration of the day and sent the rundown to the head office toward the day's end.

#### **4.6 Pay Order Issue**

Pay order has been issued to serve the customer who wants send money not in cash rather in cheque. It reduces the cash carrying risk. I filled up the pay order slip to help out the customers.

Total amount of PO	Commission	Vat
Upto Tk. 10,000.00	Tk. 15.00	Tk3.00
Tk. 1 0,001. 00-Tk. 1,00,000.00	Tk.25.00	Tk. 4.00
Tk. 1, 00,001. 00-Tk. 5,00,000.00	Tk. 50.00	Tk. 8.00
Tk. 5, 00, 001. 00 and Above	Tk. 100.00	Tk. 15.00

#### **4.7 Issuing Cheque Books**

Cheque register are designed and was signed by account holder before issuing the cheque book. Minimum five working days was needed to issue a new cheque book. Many steps were followed while issuing cheque book.

#### **4.8 Inform Clients**

Getting the proper reacquisition form our clients we needed one week to deliver. I informed our clients through phone when cheque books were reached in our branch.



## **4.9 Providing Client Statements**

In the event that any customer needed their announcement it was given by me. Before giving explanation I confirmed that record. I additionally coordinated the photograph through server that was given by the customer. At that point I gave articulation.



# Chapter 5

## 5.1 Analysis & Findings

### 5.1.1 Divisions of General Banking

General banking department is the heart of all banking activities. The busiest and important department of a branch, as funds are mobilized, cash transactions are made; clearing, remittance and accounting activities are done here.

Since bank is limited to give the administrations consistently, general managing an account is otherwise called 'retail saving money'. In AIBL Principal Branch, the accompanying offices are under general keeping money segment:

- Account Opening Section
- Deposit Section
- Cash Section
- Remittance Section
- Clearing Section

### 5.1.2 Account Opening Section

On the other hand account opening is the gateway for clients to enter into business with bank. It is the establishment of broker client relationship this is a standout amongst the most imperative areas of a branch, on the grounds that by opening records bank prepares reserves for speculation. Different guidelines and directions are kept up and different reports are taken while opening a record. A customer can open different types of accounts through this department. Such as:

1. Al-Wadeeah Current Deposit
2. Mudaraba Savings Account
3. Short Notice Deposit



## **Al-Wadeeah Current Deposit**

Demand deposit account is purely based on current account. There is no restriction on withdrawing money from the account. It is basically justified when funds are to be collected and money is to be paid at frequent interval. Some Important Points are as follows-

- Minimum opening deposit of TK. 2000/- is required;
- There is no withdrawal limit.
- No profit is given upon the deposited money;
- Minimum Tk.2000 balances must always maintain all the time.

## **Mudaraba Savings Account**

This deposit is primarily for small-scale savers. Hence, there is a restriction on withdrawals in a month. Heavy withdrawals are permitted only against prior notice.

## **Short Notice Deposit**

Normally various big companies, organizations, Government Departments keep money in SND-account. Frequent withdrawal is discouraged. The deposit should be kept for at least seven days to get profit. The profit offered for SND is less than that of savings deposit profit is calculated based on daily minimum product and paid two times in a year.



## 5.2 Account Opening Procedure

Step 1	A Current holder of the bank. Authorities of the bank not beneath the rank of an Assistant officer. A respectable individual of the territory surely understood to the Manager/Sub Manager of the Branch concerned.
Step 2	Receiving filled up application in bank's prescribed form mentioning what type of account is desired to be opened.
Step 3	<ul style="list-style-type: none"><li>• The form is filled up by the applicant himself/ herself</li><li>• Two copies of passport size and one copy stamp size photographs from individual are taken and one copy photographs of nominee is taken; in case of firms photographs of all partners are taken</li><li>• Application must submit required documents</li></ul>
Step 4	Authorized officer accepts the application.
Step 5	Minimum balance is deposited - only cash is accepted.
Step 6	Account is opened and a cheque book and pay —in- slip book is given.

**Table: Account Opening Procedure**

### 5.2.1 Documents Required for Opening Account Individual/ Joint Account

- Introduction of the record.
- Two photos of the signatories appropriately confirmed by the introducer.
- Identity (duplicate of NID/visa/Birth Certificate).
- Joint Declaration Form (For joint a/c as it were)
- Employee's history
- Nominee's photo and NID/visa/Birth Certificate
- Any Bill Copy (Electric/Wasa)

## **5.2.2 Proprietorship Account**

- Introduction of the account.
- Two photographs of the signatories duly attested by the introducer.
- Valid copy of Trade License.
- Rubber stamp.
- TIN number certificate.

## **5.2.3 Limited Company**

- Introduction of the record.
- Two photos of the signatories properly bore witness to by the Introducer.
- Identity (duplicate of NID/international ID/Birth Certificate).
- Valid duplicate of Trade License.
- Board goals of opening A/C properly guaranteed by the Administrator/Managing Director.
- Certificate of fuse.
- Certificate of Commencement (in the event of Public restricted organization).
- Certified (joint stock) genuine duplicate of the Memorandum and Article of Association of the Company properly bore witness to by Chairman or Overseeing Director.
- List of chiefs alongside assignment and example signature.

## **5.3 Closing of an Account**

The closing of an account may happen,

- If the customer is desirous to close the account,
- If the Al- Arafah Islami Bank finds that the account is inoperative for a long duration.
- If the court of Arafah Islami Bank issues garnishee order.

A client may close his/her record whenever by presenting an application to the branch. The client ought to be approached to draw the last check for the sum remaining to the credit of his/her record less the measure of shutting another coincidental charge and surrender the unused check clears out. The account should be debited for the account closing charge etc. and the authorized officer of the bank should destroy unused check. In case of joint account the application for closing the account should be signed by the joint account holder



## 5.4 Cash Department

All sorts of transaction considering cash are taken in to care in the cash department. Cash is deposited in the name of concern in the Bank and disbursed to the client by the department.

The functions of a cash department are described below;

Cash Payment	<ol style="list-style-type: none"><li>1. Cash payment is made only against cheque.</li><li>2. This is the unique function of the banking system which is known as “payment on demand”</li><li>3. It makes payment only against its printed valid cheque.</li></ol>
Cash Receipt	<ol style="list-style-type: none"><li>1. It receives deposits from the depositors in form of cash.</li><li>2. So it is the “Mobilization Unit” of the banking system.</li><li>3. It collects money only its receipts forms.</li></ol>

Table: Functions of cash department

## 5.5. Local Remittance

In the bank sector Local Remittance is another significant part of the general Banking. The bank gets and exchanges different sorts of bills through the settlement inside the nation. The bank charges commission based on charge sum.

## 5.6. Types of Remittance

- Between banks and non banks client
- Between banks in a similar nation
- Between banks in the diverse focuses.
- Between banks and national bank in a similar nation
- Between national bank of various clients





## **5.7 Clearing Department**

The amount of Cheques, Pay Order (P O) Collection from other banks on behalf of its customer is a basic function of a Clearing Department. Clearing is a framework by which a bank can gather clients finance starting with one bank then onto the next through clearing house.

## **5.8 Clearing House**

Clearing House is a place where the representatives of different banks get together to receive and deliver Cheques with another banks. Normally, Bangladesh Bank performs the Clearing House in Dhaka, Chittagong, Rajshahi, Khulna & Bogra. Where there is no branch of Bangladesh Bank, Sonali bank arranges this function.

## **5.9 Types of Clearing**

### **Outward Clearing**

When the branches of a bank receive cheques from its customers drawn on the other banks within the local clearing zone for collection through clearing house, it is Outward Clearing.

### **Inward Clearing**

When the banks receive cheque drawn on them from other banks in the clearing house, it is Inward Clearing.

### **Types of clearing house**

There are two types of clearing house. Those are:

1. Same Day Clearing House.
2. Normal Clearing House:

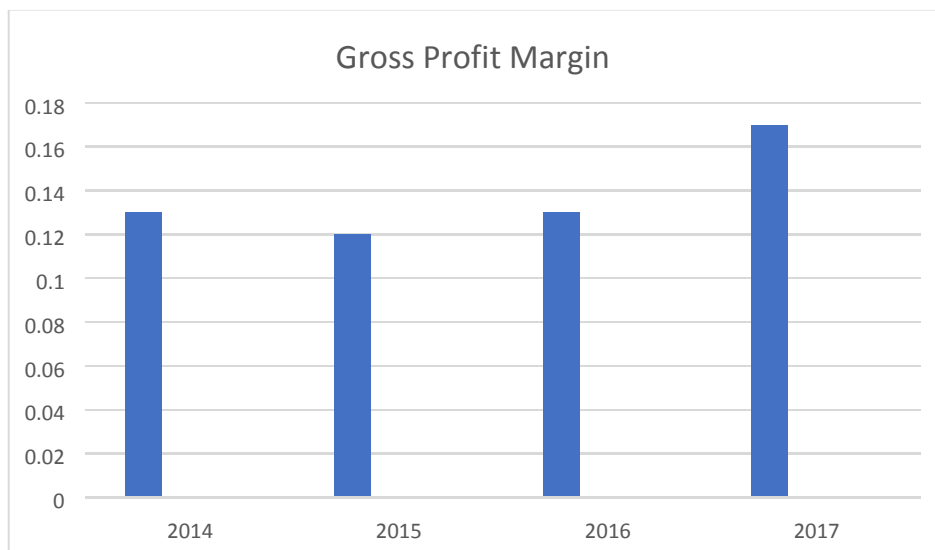
Same day clearing is for the high value cheques which amount is 5lac and more. The time of same day clearing for inward is 10 am to 1:45 pm and for outward the time is 10 am to 11.40 am.

## **5.10 Online Transaction**

Online transaction is totally computer based. Clients of any branch of AIBL can draw money from any branch of AIBL. This is a superior service for the clients of AIBL than others. The online charge is Tk.50 from Tk.50001 to 200,000 and less than that is free. Customers have to pay 15% VAT on online commission/charge. From 200,000 to above the fee is 100.

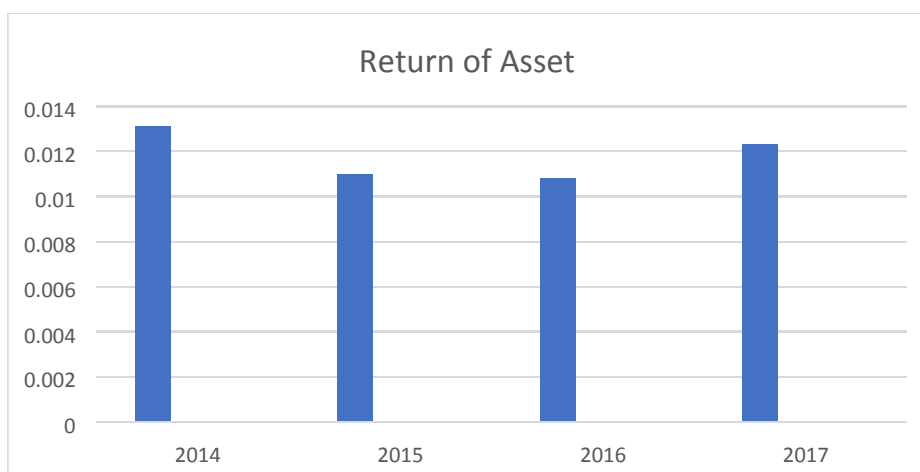
## 5.11 Financial Highlights:

### 1. Gross profit margin:



The Gross profit margin of AIBL has change rapidly from 2014 to 2017. In 2014 their gross profit margin was 0.13 and in 2017 gross profit margin has speedily amplified 0.17. That is a good sign of development of this bank.

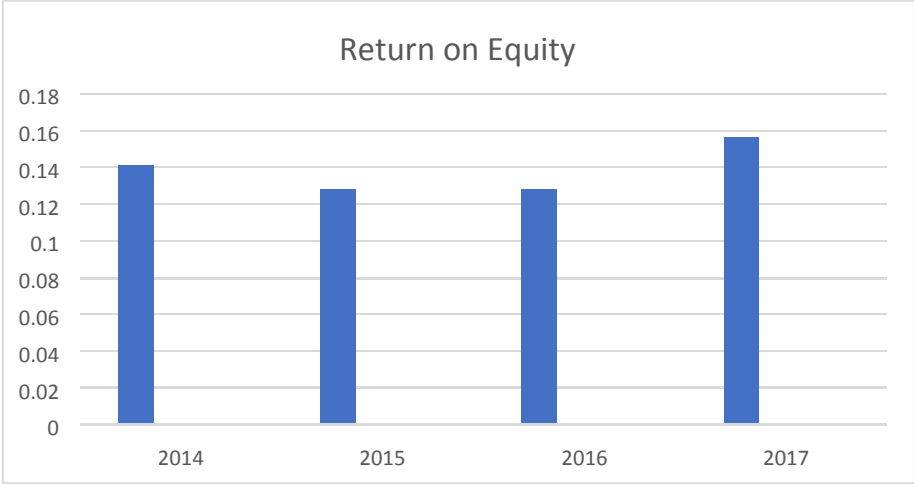
### 2. Return of Asset:



The return on asset ratio of AIBL has increased 0.011 in 2014 to 2017 year. This is an actually good sign for AIBL because it shows that AIBL has generated less income than by utilizing more amount of asset.



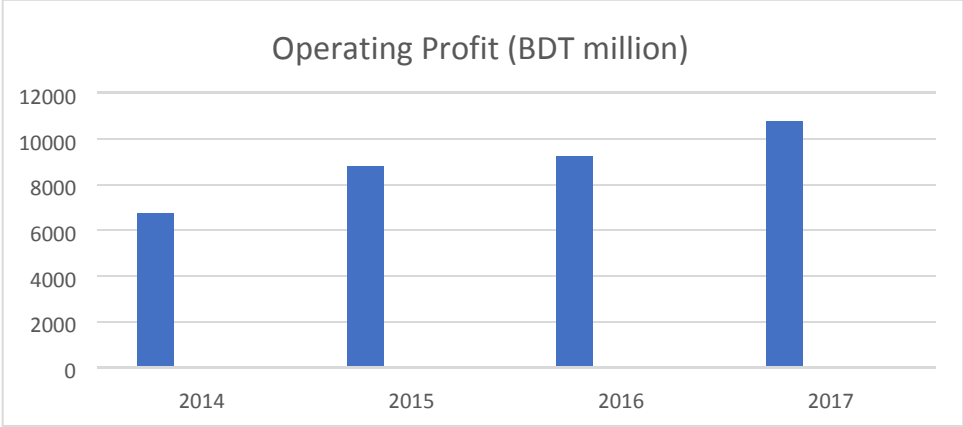
### 3. Return on equity:



ROE of this bank was lower in year 2014 (0.141) than year 2015 (0.128) & 2016 (0.123). At next Year in 2017 that was also increased this was 0.157. Return on equity increased that is not good sign of investors.



### Operating Profit of Al-Arafah Islami Bank:



From the graph we can see that every year except 2014 Operating Profit of Bank is BDT 6763.22 million. In 2015 the Operating Profit of Al-Arafah Islami Bank was BDT 8813.76 Million and in 2016 it was 9216.78 Million.



## 5.12 Findings

**Some of the findings are described below:**

1. Officer of the bank are equipped. Despite the fact that huge numbers of them just know the working methodology of what they are doing however don't have the foggiest idea about the reasoning behind doing those.
2. AIBL do forces an objective store for accumulation upon its representatives. Each worker needs to go out with the end goal of store accumulation, which they call "improvement reason". It is a viable technique no inquiry concerning it, since numerous banks of our nation depend on this strategy. Officers of the work area, where workload is high, scarcely find the opportunity to go out for improvement reason and dependably feel that their obligations for the association would not be assessed except if they can demonstrate a decent measure of store gathering against their name.
3. The cash counters are congested which hamper day to day teller activities and action become delayed.
4. AIBL provides training but the facility isn't sufficient especially for the lower level officers.
5. Problems are faced at the ATM booth due to poor network.



## 5.13 SWOT Analysis in AIBL:

Every organization is composed of some internal strengths and weaknesses and also has some external opportunities and threats in its whole life cycle.



### **Strengths:**

- AIBL provides its customer excellent and consistent quality in every service.
- It is financially a sound company.
- It utilizes state of the art technology to ensure consistent quality and operation.
- It gives its workers a brilliant work environment
- AIBL as of now has accomplished a positive attitude among the customer.
- AIBL has a research and development division.

### **Weaknesses:**

- Lack of human resource in certain areas
- Inadequate IT infrastructure.
- Inadequate delegation of power.

- The bank has limited ATM service.
- Officers have limited experience and not enough trained.
- Marketing policy is not well setup

### **Opportunities:**

- Development of on line keeping money will open more degree for AIBL
- AIBL can introduce more innovative and modern customer service.
- Many branches can be opened in local remote area as its high demand.
- AIBL can recruit experienced, efficient and knowledgeable officers and staffs as it offers good working environment.
- Relationship management.

### **Threats:**

- Worldwide trend of mergers and acquisition in financial institutions is causing problems.
- Frequency taka devaluation and foreign exchange rate fluctuation is causing problem.
- lots of new banks are coming in the scenario with new service.
- Some other banks also follow the Islamic banking policy.
- Similar types of retail banking products.
- Certain Bangladesh Bank's rules and regulations.



# Chapter 6

## Recommendation

On the basis of observation, SWOT analysis, Ratio analysis, and employee's comments I have some recommendations for Al-Arafah Bank Limited to capture more market share and to make the inward condition more dynamic. I trust these suggestions would assist them with competing with their rivals.

Al-Arafah Bank Limited has the Islamic rules and regulations. So I think they should follow those rules and regulations for their future betterment. Al-Arafah Islami Bank Limited does not have enough advertisements for their products, so Al-Arafah Islami Limited needs greater commercial to advance their items. AL-Arafah Islami Bank Limited sets aside more opportunity for CIB report and provoke benefit than alternate banks. So AIBL ought to do this sort of employment inside a brief timeframe.

As per earnest observation some suggestions for the improvement of the situations are given below:

- According to open another record AIBL must require continuously and productive reports from new customers. It would be particularly valuable both Bank and the customers.
- General working condition ought to be moved forward.
- The frame ought to be exact with the quality data to the purposes of the customer rather pointless data.
- To recruit sufficient skilled manpower because the bank employees should communicate properly with customers about their deposit and other schemes.
- If the intrigued customers have legitimate documentation in support of his/her character at that point there ought to be probation for staying away from introducer.
- Proper preparing ought to be given to all representatives on customary premise.
- They should deal with every one of the customers legitimate administrations.
- They require precise process in real money counter to give client well and quick offices.



# Conclusion

Islam is the most peaceful religion known throughout the world. Though the concept of Islamic Banking is no longer new thing in the world. At present there are six Islamic Banks working in our country.

As I have completed my internship at AI Arafah Islami Bank Limited. Al-Arafah Islami Bank Limited intends to play a primary role in the financial activities of the country through adjusted administration, imaginative practices, energetic progress and efficient organization it has made an unmistakable stamp in the region of private keeping money division at this point. Through an imaginative credit policy, it is also decisively occupied in the improvement of business, trade, and production.

Al-Arafah Islami Bank Limited maintains flow of funds from depositors to investors. In doing so, this bank needs to collect deposit from the depositors and then distribute those as loan to the investors. Besides, this bank provides assistance in international trade, money transfer, collection and payment of utility and other bills, etc. all of which are fully customer oriented.

On the other hand promising individual representative development and improvement, the bank likewise offers push to recognize and hold the human resources who give can conceivably be the successors of mission basic parts. The bank perceives that movement masterminding and organization is basic to the continued with advance. So the bank reliably reviews various leveled, divisional and bunch capacity gaps to perceive, make and hold the successor in a propitious method to meet solicitations without limits.



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